AUG 2 9 1984

SB - have you seen a copy of this? If you want any changes (in wording, etc.) let me know. OK. s AS

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POINT
d/b/a Point Foundation)

BALANCE SHEET

DECEMBER 31, 1983

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

→ Bank statement

DRAFT

The Board of Directors
Point

We have examined the accompanying balance sheet of Point (d/b/a Point Foundation) at December 31, 1983. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Foundation has kept its records and has prepared its financial statements for previous years on a hybrid method of accounting which gave no recognition to accounts payable, or accrued expenses. At December 31, 1983 the Foundation adopted the accrual basis of accounting. Although appropriate adjustments have been made to the fund balance at December 31, 1983 it was not practicable to determine what adjustments would be necessary in the financial statements of the preceding year to restate the balance sheet as of the prior year-end.

As discussed in Note 1 to the balance sheet, the Foundation has working capital and net fund deficiencies at December 31, 1983. Continuance as a going concern is dependent upon future developments, including the Foundation's ability to achieve a level of operations and/or obtaining sufficient financing and working capital to finance continuance of operations and to meet obligations as they become due.

In our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the accompanying balance sheet presents fairly the financial position of Point (d/b/a Point Foundation) at December 31, 1983 in conformity with generally accepted accounting principles.

July 25, 1984

POINT
(d/b/a Point Foundation)

BALANCE SHEET

December 31, 1983

ASSETS	
Current assets:	
Cash	$215,756
Restricted cash (Note 2)	25,325
Accounts receivable:	
Subscriptions	24,678
Trade	11,136
Mail list	9,159
Inventories (Note 3)	60,863
Deferred publishing expenses	223,001
Prepaid expenses and other assets	3,215
Total current assets	573,133
Furniture and equipment:	
Equipment (Note 5)	116,836
Furniture and fixtures	2,657
	119,493
Less accumulated depreciation and amortization	20,063
Net furniture and equipment	99,430
Other assets	8,044
	$680,607

LIABILITIES AND FUND DEFICIT	
Current liabilities:	
Accounts payable:	
Trade	$ 74,842
Art Zone (Note 2)	25,325
Accrued liabilities (Note 3)	91,186
Advance royalties (Note 4)	552,500
Production advance (Note 4)	15,000
Deferred subscription revenue	335,780
Current portion of capital lease obligations (Note 5)	6,708
Total current liabilities	1,101,341
Long-term portion of capital lease obligations (Note 5)	24,972
Fund deficit	(445,706)
	$ 680,607

See accompanying notes.

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POINT
(d/b/a Point Foundation)

NOTES TO BALANCE SHEET

DRAFT

December 31, 1983

1. Summary of significant accounting policies

Nature of business

Point is a California non-profit corporation founded to promote and finance research and studies of economic, behavioral, and sociological problems for the purpose of benefiting the local and national community. In pursuit of its exempt purpose, the Foundation is engaged principally in the following activities: author and publisher of The Next Whole Earth Catalog, Co-Evolution Quarterly and The Whole Earth Software Review and author of The Whole Earth Software Catalog.

The Foundation has incurred significant losses from operations and has working capital and net fund deficiencies at December 31, 1983. Continuance as a going concern is dependent upon future developments, including the Foundation's ability to achieve a level of operations and/or obtaining sufficient financing and working capital to finance continuance of operations and to meet obligations as they become due.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

Depreciation and amortization

Depreciation and amortization are provided on the straight-line method over the lesser of the estimated useful asset life of five years, or as to capitalized lease equipment, the term of the lease.

Deferred publishing expense

Costs of developing publications are deferred and matched against revenues as earned.

POINT
(d/b/a Point Foundation)

NOTES TO BALANCE SHEET

DRAFT

December 31, 1983

1. Summary of significant accounting policies

Magazine subscription and sales

Revenues from subscriptions are deferred and recognized as income proportionately over the terms of such subscriptions. Revenues from magazine sales to newsstands and other distributors are recorded based upon shipments less estimated returns.

2. Restricted cash

The Foundation is holding in trust $25,325 at December 31, 1983 for the use of Art Zone. A corresponding liability for this amount has been recorded.

3. Inventory distributing agreement

Inventories of The Next Whole Earth Catalogue (which are reflected on the balance sheet at an estimated recoverable value of approximately $18,000, which is less than cost) are subject to an exclusive distribution agreement. Under the agreement, dated April 1980, the distributor has advanced to the Foundation all costs of paper, printing, binding, and shipment to the distributor's distribution center, in exchange for distribution fees. At December 31, 1983, $79,805 (included in accrued liabilities) was due to the distributor for these advanced costs.

4. Advances

In connection with The Whole Earth Software Catalog, the Foundation has an agreement dated April, 1983 granting publishing rights in exchange for royalties calculated at stipulated percentages of retail sales. At December 31, 1983, the publisher had advanced non-refundable royalties of $552,500 (net of a $97,500 agent's commission) and $15,000 ~~was advanced for~~ of production costs. Additional advances of $665,000 are payable by the publisher upon receipt of "camera-ready mechanicals." All costs and revenue associated with the development of the catalogue have been deferred until performance under the contract is completed.

POINT
(d/b/a Point Foundation)

NOTES TO BALANCE SHEET

DRAFT

December 31, 1983

5. Leases

Certain equipment has been acquired under capital leases with a capitalized cost at December 31, 1983 of $26,807 (net of $11,311 accumulated depreciation).

Future minimum lease payments under noncancellable leases as of December 31, 1983 are:

Years ending December 31	Capital leases	Operating leases
1984	$13,129	$36,000
1985	12,509	36,000
1986	10,959	15,000
1987	8,788	-
1988	1,464	-
	46,849	$87,000
Less amount representing interest	15,169	
Net present value of minimum lease payments	$31,680	